

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON HUMAN SERVICES

Call to Order: By **CHAIRMAN BILL THOMAS**, on January 29, 2001 at 3:00 P.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Bill Thomas, Chairman (R)
Rep. Roy Brown, Vice Chairman (R)
Rep. Trudi Schmidt, Vice Chairman (D)
Rep. Tom Dell (D)
Rep. John Esp (R)
Rep. Tom Facey (D)
Rep. Dennis Himmelberger (R)
Rep. Larry Jent (D)
Rep. Michelle Lee (D)
Rep. Brad Newman (D)
Rep. Mark Noennig (R)
Rep. Holly Raser (D)
Rep. Diane Rice (R)
Rep. Rick Ripley (R)
Rep. Clarice Schrumpf (R)
Rep. Jim Shockley (R)
Rep. James Whitaker (R)

Members Excused: Rep. Daniel Fuchs (R)

Members Absent: None.

Staff Present: David Niss, Legislative Branch
Pati O'Reilly, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 366, 1/26/2001
Executive Action: HB 96

HEARING ON HB 366

Sponsor: REP. NORMA BIXBY, HD 5, Lame Deer

Proponents: Wendy Young, Helena, WEEL
Rebecca Moog, Montana Women's Lobby

Opponents: None

Informational Witnesses: Hank Hudson, DPHHS

Opening Statement by Sponsor:

REP. NORMA BIXBY, HD 5, Lame Deer, said that HB 366 provides for a study on the impacts of welfare reform within the FAIM project and Temporary Assistance to Needy Families. This bill has no fiscal note, because originally she had wanted the Dept. of Public Health and Human Services to do the study. In rethinking that, she didn't believe that the department would provide the needed impartial results and now feels the study should be completed by an outside organization through an RFP let by DPHHS. She isn't sure if that will change the purpose of this bill, but she feels that the study needs to be done outside the department so people could be more free in talking about their experiences with the FAIM project. She said that DPHHS is presently doing a study, but she doesn't know if it will address the issues that she would like to accomplish with this study, and it will not be completed until April, after legislature has ended.

Some of the key issues that she would like to see addressed by DPHHS are how many children of FAIM recipients have completed their education and how many students have dropped out, how many children utilize mental health services because of their removal from their homes and their families, how many of these children are in special education programs, how many different schools these children attend, what is their academic level, do they have a second language, and are they in English as a second language programs. Another thing that affects the educational process is how many foster homes each child is placed in after being removed from the home. It would be beneficial to know how a child is taken out of the home, what is the process, and what are the emotional ramifications of that process. It is important to know the race of the children being removed from homes and the reasons for their removal. Another issue that needs to be studied is the Indian versus non-Indian bias, or also with other minorities. 2,385, or over 51 percent, of the 4,640 FAIM recipients are American Indians. In the communities, we need to know if there is a bias, what it is and why it is occurring. We also need to know how many people are being sanctioned, at what rate and for what reason. It is important to know what and how many different policies and procedures

communities have, and in which communities are these policies and procedures helping or hindering the success of FAIM recipients. Another area of study that is needed is to determine the relationship between the welfare program and other services, such as child care, foster care, food stamps, medicaid and food banks. What are the increases in one related to the decreases in another, and if there are any funding shifts, is it welfare reform. Another concern is how the foster care and welfare systems relate in policy. We must know the human impacts of FAIM if we are going to improve services and programs and get people off welfare. This is critical since FAIM needs to be re-authorized and DPHHS will be going into FAIM II. This study would be on-going rather than a one-shot study. **{Tape : 1; Side : A; Approx. Time Counter : 0.5 - 10.9}**

Proponents' Testimony:

Wendy Young, Helena, WEEL, said that she represents a low-income, grass-roots organization of families in Montana who are affected by DPHHS policies. Many of their members are on assistance, have left assistance or are in between. They support the bill. She is concerned that the Abt study deals mainly with economics, which is important to know, but there are some things you can't get in statistical data that need to be addressed, such as the race question. She is also interested in the cost-shifting that goes on with welfare reform. If welfare reform is a success, it can't mean that costs are being shifted to something else, such as foster care, corrections or juvenile probation, but has to be something that is truly helping people move out of poverty.

Rebecca Moog, Montana Women's Lobby, said at one time she was on assistance so has had personal experience with the FAIM program. There are impacts other than economic impacts, and she urged the committee to look seriously at this bill and see how the FAIM programs are affecting Montana families and Montana children. **{Tape : 1; Side : A; Approx. Time Counter : 11.2 - 14.6}**

Opponents' Testimony: None.

Informational Testimony:

Hank Hudson, DPHHS, said he is from the department that manages the welfare reform project. He outlined information he had brought to the hearing and said he would respond to questions. This information included the current status of the FAIM evaluation and some of the initial findings that have been supplied, future plans for an on-going review of the FAIM project, and discussions they'd had with the federal government involving their interest in maintaining intensive evaluation on reservations. He couldn't speak

to foster care and protective services issues except in how they relate to FAIM. He could speak to the sanctions report that is on the internet that is posted regularly. **{Tape : 1; Side : A; Approx. Time Counter : 14.9 - 15.4}**

Questions from Committee Members and Responses:

Rep. Esp asked the sponsor if she had any idea what this study would cost if it's not done in-house. **Rep. Bixby** said she did not know, but if it is combined with what they're already doing, she doesn't think the cost would be as much as if it was done completely outside the department. She feels that people would fear to talk to department personnel because they wouldn't say what they really felt because of repercussions. There would be some costs but she hasn't really discussed it yet with Gail Gray. They should have a meeting to discuss costs sometime before February 2nd. **Rep. Esp** asked if amendments had been prepared to address proposed changes and the cost issue. **Rep. Bixby** said she would like to have a chance to do that but she hadn't been notified of this hearing in time to have them prepared.

Rep. Lee asked **Hank Hudson** if the cost of the proposed study could be included in any of the new proposals or as part of the new proposal from the budget book on page 332. **Mr. Hudson** said they are not budgeting for on-going evaluation costs past the life of the Abt evaluation. A small amount of money is included in their administrative budget to work with the University of Montana to take what Abt and Associates provides as far as a data base and structure to then continue to evaluate FAIM on an annual basis. The department is going to propose a definition of self-sufficiency, and they're going to measure out of the pool of 1,090 people that have been our research group, their progress or lack of progress towards self-sufficiency. There's nothing in the department's future plans nor budget for anything nearly as intensive as what is described in this bill.

Rep. Lee asked if "in-depth assessments" applies to people within the program or to this particular study. **Mr. Hudson** said the term "in-depth assessment" in their proposal doesn't refer to an assessment of the FAIM program. It applies to assessments or evaluations that they would pay for on behalf of their clients, such as disability or psychological evaluations.

Rep. Himmelberger asked **Mr. Hudson** to give him a history and brief objectives of the FAIM program. **Mr. Hudson** responded that FAIM stands for Families Achieving Independence in Montana and is a welfare reform project. It grew out of the planning that occurred in the previous administration to take the old AFDC program and portions of the medicaid and food stamp programs and roll them into

a package that would encourage employment, reduce dependency on public assistance and assist families in having a better standard of living. The waivers that were obtained allowed Montana to spend AFDC money in ways that supported employment and would encourage people to work. What Montana created with the waivers turned out to be almost exactly what Congress created when they passed welfare reform. The fundamental basics of FAIM are that the state has an obligation to provide for families, to assure that these families have cash resources, health care coverage, and child care if they need child care to pursue self-sufficiency. In exchange, clients have an obligation to pursue employment and to comply with the agreed-upon activities in a negotiated family investment agreement. Those two mutual operations come together, a client has a case manager and a time limit for how long they can receive public assistance and then they use the resources in a more flexible manner than the old AFDC program, which just basically provided a check. FAIM is a program to move people as quickly as possible into employment. If the legislature approves FAIM Phase II, the department will be able to stick with these folks after they have left the cash assistance part of the program, and continue to work with them as they try to get out of poverty. **Rep. Himmelberger** asked what year the program was initiated. **Mr. Hudson** said it began in 1996.

Rep. Noennig asked what the Abt study is. **Mr. Hudson** said Abt is the name of the company conducting the study. The department attempted to do its own evaluation at first, sending out postcards to everyone who was on the program as well as some surveys. They aren't professional evaluators and weren't getting very far in their own evaluations. They took advantage of a federal grant that allowed them to contract with Apt Associates, one of the two major welfare reform evaluation firms in the country. The study has three pieces to it; the first piece is a review of all the data that's contained in regards to people who have been on FAIM, using all the data bases that are available for research. Everything that Abt does, the department doesn't know about. It is blind to the department in regards to the names or the identity of any of the people in the study. The second part is to go into the seventeen offices with trained observers and observe how the program is being administered. In the third part of the study, they conducted 1,090 intensive, 45-minute, primarily face-to-face interviews. Interviews on the reservations were conducted by persons who were hired from the tribes that were part of the study. The interviews covered everything from employment to child well being, and a number of issues that were very sensitive. Permission of the tribal leadership was sought for the study, and it was given reluctantly because the questions were so personal, but they viewed it as valuable information. The major report is due in April, although they did provide some information for the legislative session, such

as housing, employment, average wage, and utilization of other benefits.

Rep. Noennig asked if it is an on-going study because it isn't completed yet, or will it be continued from time to time during the remainder of the program. **Mr. Hudson** said the contract with Abt will end in about a year. They plan on continuing what they can with the resources they have. They want to continue to track the pool of people who have been identified and measure what is working and what isn't, and whether they actually ever get out of poverty. The crucial question with regard to welfare reform is whether it's a vehicle to assist people to escape poverty or not. **Rep. Noennig** asked what the cost of the contract for the study was. **Mr. Hudson** said it was right around a million dollars, and some of that money was spent to do an additional piece of research to answer the Dept. of Agriculture's questions about food stamp waivers. The FAIM part itself was probably around \$750,000.

Rep. Noennig asked **Mr. Hudson** to compare the results he would be receiving from the Abt study to the results of what is intended by this bill, especially with regard to the impacts on various identified groups. **Mr. Hudson** said the product they would have would be a snapshot, the state of affairs for these 1,090 people, 285 of whom live on reservations. It won't tell the department ongoing how things are, but would tell the number of families who have any involvement in the child protective service system. *(Tape change.) {Tape : 1; Side : A; Approx. Time Counter : 16.3 - 30.4}*

Mr. Hudson said the study includes a question about the children's utilization of mental health services and a rather subjective question on children's interaction with adults and other children, whether it's gotten better or worse since their parents were on the FAIM program. There will be some child well-being issues, lots of economics, utilization of food stamps and medicaid, accessibility and quality of housing, and a lot of information on how many hours people are working and how much money they're making. The department wants to measure people's ability to provide financially for themselves over time after being part of the FAIM program. The issues of child well-being are considerably more difficult to get at and are more expensive. The biggest part of the cost of this study was the face-to-face, 45-minute interviews. **Mr. Hudson** doubts if money will be available to replicate that, so future studies will probably be based on what they can get done with computer system information or surveys.

Rep. Noennig asked the sponsor if there would be a fiscal note.

Rep. Bixby: NO

Rep. Facey asked **Hank Hudson** approximately how many people or families had been on the AFDC program. **Mr. Hudson** said he believed there were not quite 12,000. **Rep. Facey** asked approximately how many people or families are now on the FAIM program. **Mr. Hudson** said approximately 4,600. **Rep. Facey** asked if over the last five years Montana had decreased its welfare rolls by about 60 percent. **Mr. Hudson** said that is correct. **Rep. Facey** asked if the FAIM program is funded by TANF funds, a block grant received from the federal government. **Mr. Hudson** said that is correct. **Rep. Facey** asked if the block grant is yearly or a once-in-a-lifetime grant. **Mr. Hudson** said the block grant is around \$44 million a year. The state has to spend around \$15 million of its own money in order to get the \$44 million, so the whole program is around \$60 million. The state can get a block grant every year if it can demonstrate that it will spend the state money. If the state does not spend the block grant in the year it is received, it is held in Washington, D.C. and continues to be available until it is all spent. Montana intends to spend all of the money authorized by the end of 2005. A plan will be submitted next week outlining the Department's plan for utilization of the block grant. **Rep. Facey** asked if it was correct that at the start of the FAIM program, Montana had a certain percentage of people that did not have to be moved from FAIM to work. **Mr. Hudson** said there's a 16-month time limit for the receipt of public assistance; however, 20 percent of the caseload can exceed this time limit. **Rep. Facey** asked about the approximate length of stay in the FAIM program for the 4,600 participants. **Mr. Hudson** said he did not have this information with him. However, in preparation for FAIM phase II, the department identified the participants who would be reaching their 16-month limit, and the first would reach that point in February. There were only 20 or 25 people who had been on since the start who didn't look like they could be getting off when they reached the limit.

Rep. Facey asked the sponsor if push came to shove and the money wasn't available for the study called for in this bill, what her feeling would be about having no study or a study made by the agency. **Rep. Bixby** wants a study to address the human aspects of FAIM recipients rather than just statistics, which should improve the program and the delivery of services. She doesn't feel that FAIM recipients have a voice, and they can't get answers. She would prefer that the Abt study could be continued and added to on a yearly basis so people would have a voice. **Rep. Facey** asked the sponsor about another study relating to sanctions referred to on page 2 of the bill and whether she had seen this study. **Rep. Bixby** said she had not seen it. **Rep. Facey** redirected his question to **Mr. Hudson**, who said the study had been done, submitted to the legislature and is on the internet. Regarding sanctions, **Mr. Hudson** said they are a controversial issue. Montana ranks in the bottom five states in the nation for closing cases due to sanction. The

department had set a goal to get rid of sanctions. A bill was passed in the last session to make sure that medicaid and food stamps weren't part of sanctions. Federal law requires some form of sanctions as part of federal welfare reform. Montana is down now to a quarter of the sanctions that were done last year.

Rep. Facey asked if the money for the Abt study came from the general fund or from the TANF grant. **Mr. Hudson** said about 3/4 of it was a separate federal grant that was not part of the TANF grant. The federal government was particularly interested in how welfare reform was working on the reservations and in very, very rural areas. Montana added enough of its own money to look at some medium-sized and large-sized Montana communities. **Rep. Facey** asked if our reservations were excluded from the 20 percent cut-off in FAIM, and does that in essence push Native American families from urban areas back to reservations. **Mr. Hudson** said that residents of reservations are exempted from the 16-month time limit but are not exempted from a 30-hour a week work participation requirement. One preliminary finding from the Abt study is that people living on reservations are working as many hours and earning roughly the same pay, and there isn't as huge a difference as was expected in employment and wages.

Rep. Facey asked the sponsor for comments she had received from people at home. **Rep. Bixby** said the comments she gets are very sad. Children are being removed from homes, sometimes just with a phone call, even when no real child abuse is going on. Unless parents go through all the hoops, they don't get their children back. Parents are treated rudely and treated differently, on the reservations and in urban areas when they move there. Things just don't seem to be working the way they should be with the social service programs.

Rep. Lee asked **Wendy Young** if she thought there would be enough money to do this study. **Ms. Young** said she has attended the Appropriations Committee hearings and does believe that this study probably wouldn't cost the department that much, and the department has said that they don't think they can do the study very well on their own.

Rep. Brown asked **Hank Hudson** to explain to the committee what a person has to do before they are actually sanctioned. **Mr. Hudson** said that sanctions generally involve something that is on the family investment agreement. The family sits down with their caseworker and they agree on a plan, which might involve going to school, getting training, job search, getting child care for their kids, and regular meetings with their caseworker. The cause of sanctions is usually failure to do one of those things. Two years ago when the department looked at sanctions, they were concerned about the number of sanction and added some intermediate circuit-

breaker steps to make sure people weren't being sanctioned for such things as showing up late or missing one meeting. Now if a person violates one of the provisions of their family investment agreement, the department requires a face-to-face meeting with that person, and the worker must submit a plan on how they will avoid this happening again. If there is a repeat of the situation, sanctions are imposed but the person can file an appeal and they are given a fair hearing. Some changes in sanctions are proposed as a part of FAIM phase II.

Rep. Jent said he was concerned to hear that Indian children had been taken from their families by the state, and he asked **Rep. Bixby** to clarify that they were being taken away without due process of law. **Rep. Bixby** said that is true. **Rep. Jent** said he is also concerned about potential violations of federal law, the Indian Child Welfare Act. **Rep. Bixby** said she felt that a lot of the social workers don't understand this law so they don't follow process and procedures appropriately. **Rep. Jent** said he hoped that under this bill the state would ensure that this act and other laws directed to Native American children on the seven reservations are followed, because it sounds like they presently are not. **Rep. Bixby** said that is correct.

Rep. Thomas asked the sponsor if she is satisfied and comfortable with what she has heard about the Abt program as being an outside study agency. **Rep. Bixby** said no. She thinks more people than the 1,090 in the study ought to have an opportunity to voice their concerns to the department. She thinks it is statistical more than addressing a lot of the human kinds of information that she would like, including taking children from their homes and the results of that, and what has happened to the people who are no longer part of the FAIM caseload.

Rep. Noennig asked **Hank Hudson** to comment on what has been said about children being removed from their families illegally. **Mr. Hudson** said that he has not worked with child protective services for the past three years and is reluctant to speak of programs that aren't in his division. It is a challenge to make sure that protective service workers in Montana fully understand the requirements under the Indian Child Welfare Act. Other than child support enforcement, there is no system that generates more anger, difficulties and soul-searching than the area of child abuse. It isn't in his division so it wouldn't be addressed in a study of welfare reform. **{Tape : 1; Side : B; Approx. Time Counter : 0 - 28.1}**

Closing by Sponsor:

Rep. Bixby said that welfare across the state is such a human type of interaction, and we really need to know the true story about what's happening out there in Montana with welfare reform. If there was another way to do this without it being studied, she would support that. If it was on-going and built into the process, then we wouldn't need to have to find out what the real story is so we could create change. She looks forward to seeing the information from the Abt study, and hopes that it is a study the state can build on and that would really bring out a lot of the human aspects of the FAIM recipients and their success in becoming self-sufficient individuals. She doesn't believe it will get at what she is trying to get at with this study, so urges that the committee give this bill strong consideration. {Tape : 2; Side : A; Approx. Time Counter : 0 - 4.6}

EXECUTIVE ACTION ON HB 96

Motion: REP. SCHMIDT moved that HB 96 DO PASS.

Substitute Motion: REP. SCHMIDT made a substitute motion that HB 96 BE AMENDED. EXHIBIT (huh23a01)

Discussion: Mr. Niss explained that the amendments split in half the eight percent now allocated to the general fund, leaving four percent for the general fund. The other four percent is allocated to the Montana Comprehensive Health Association (MCHA), a group of disability or health insurers in Montana, which operates under the aegis of the largest health carrier in the state to pool money provided by the association in order to provide insurance to persons who otherwise could not get it. Mr. Niss provided figures showing the dollar amounts resulting from the percentages in the bill as amended. He explained that the money designated for the MCHA may have to be appropriated rather than allocated. There is a difference, depending on whether the entity receiving money is public or non-public. Since the MCHA is partly public and partly private, money may have to be appropriated through the Insurance Commissioner's office rather than be allocated directly to the MCHA.

Rep. Schmidt spoke for the amendment, explaining that the MCHA provides insurance for people who can't otherwise get it. This is tobacco-related money, having to do with health, and this is a good use for it.

Rep. Noennig asked about the current status of the funding for the MCHA. **Mr. Niss** said it is funded by several sources, including the participating insurers and premium payments by the insured parties. **Rep. Schmidt** said the MCHA brochure explains the two options for

insurance and the monthly premium payment, which is expensive but this is the last resort for people to obtain insurance. **Rep. Noennig** said he wondered how much the state was currently putting into the program. **Mr. Niss** there is some state money in the MCHA but he didn't have the exact amount. **Rep. Facey** said he knows general fund money is spent on this program.

Rep. Himmelberger asked if there would be adequate money left for the administrative costs of the program if the general fund allocation were cut in half. **Rep. Hurdle** said she doesn't think it would cost as much as \$1,200,000 to administer the program. The bill contains percentages rather than dollar amounts, because as the tobacco funds go down, the proportions will stay the same.

Rep. Brown pointed out that the bill states that the funds may not be used to supplant existing programs, and yet this is an existing program. **Rep. Hurdle** said she had understood Claudia Clifford of the Insurance Commissioner's office to say that the department had been cut by \$2 million, so this is probably less than what they would need for the program. It would not supplant whatever is still left in the budget for that program. **Mr. Niss** said that to him the difference between "supplement" and "supplant" is whether the cut is made first or second. If an appropriation is made to it and then because that appropriation is made, a pre-existing appropriation is reduced, that's supplanting. But if the appropriation has been cut before, and then this money is added to the MCHA, that is a supplement.

Rep. Raser said that clearly there is a health crisis and problems with funding, people who have no insurance, and additional costs on the consumer to make up for those uninsured persons. She feels that the MCHA rates are astronomical with incredibly high deductibles. It seems entirely reasonable to put four percent of this money, that's supposed to be coming for health-related issues, into this program. This is money that would come out of the general fund in some other way if we don't put it in here, so it seems like it's preventative rather than paying it later in higher health costs.

Motion/Vote: **REP. SCHMIDT** moved that **AMENDMENTS TO HB 96 BE ADOPTED**. Motion carried 12-6 with Brown, Fuchs, Himmelberger, Noennig, Schrupf, and Shockley voting no.

Motion/Vote: **REP. NEWMAN** moved that **HB 96 DO PASS AS AMENDED**. Motion failed 7-11 with Brown, Esp, Fuchs, Himmelberger, Noennig, Rice, Ripley, Schrupf, Shockley, Thomas, and Whitaker voting no.

Motion/Vote: REP. BROWN moved that HB 96 BE TABLED. Motion passed 11-7 with Dell, Facey, Jent, Lee, Newman, Raser, and Schmidt voting no. {Tape : 2; Side : B; Approx. Time Counter : 0 - 7.2}

ADJOURNMENT

Adjournment: 5:55 P.M.

REP. BILL THOMAS, Chairman

PATI O'REILLY, Secretary

BT/PO/JB

Jan Brown transcribed these minutes

EXHIBIT (huh23aad)